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C O N F I D E N T I A L SECTION 01 OF 02 KUWAIT 000390

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TAGS: EFIN ETTC KCRM PREL PTER KTFN KU

SUBJECT: GOK HOSTS FINANCIAL INTELLIGENCE UNIT  
IMPLEMENTATION SEMINAR

Classified By: CDA Alan G. Misenheimer for reasons 1.4 (b) and (d)

11. (C) Summary and Comment: From March 31-April 2, 2008, the Central Bank of Kuwait (CBK) in cooperation with U.S. Department of Treasury and the U.S. Department of Justice hosted a Financial Intelligence Unit (FIU) Implementation Seminar. The three-day event was attended by 53 GOK officials including representatives from the Central Bank (CBK), Ministry of Interior (MOI), Ministry of Justice (MOJ), Ministry of Commerce and Industry (MOCI), and the Public Administration of Customs. The conference was organized pursuant to the GOK's request for technical assistance in anti-money laundering/combating the financing of terrorism (AML/CFT) with the goal of creating an FIU that meets international standards. Although the substantive and results-oriented seminar elicited the active engagement of mid-level GOK officials, the lack of participation by key decision-makers and the continued absence of strong AML/CFT legislation mean that Kuwait's FIU will continue to limp along with limited capabilities and marginal effectiveness for the foreseeable future. Post will build on the lessons learned from the seminar to promote FIU reform proposals to GOK decision-makers and arrange follow-on training opportunities. End Summary and Comment.

CBK hosts FIU Implementation Seminar

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12. (SBU) CBK hosted an FIU Implementation Seminar on March 31-April 2, in collaboration with the U.S. Department of Treasury's Office of Technical Assistance (OTA) and the U.S. Department of Justice's Office of Overseas Prosecutorial Development, Assistance, and Training (OPDAT). The three-day event was attended by 53 GOK officials from the Central Bank (CB, Ministry of Interior (MOI), Ministry of Justice (MOJ), Ministry of Commerce and Industry MOCI) and the Public Administration of Customs. During his opening remarks, CBK Executive Director, Supervision Sector, Ibrahim Al-Qathi asserted that the seminar shows Kuwait's eagerness to lay down principles that will establish a more effective system to combat money laundering and terrorism financing and noted that the FIU is working to increase its role in supervising suspicious money transfers. The goals of the seminar were two-fold: 1) to assist in developing an FIU implementation plan, and 2) to establish consensus among the various parties of the National Committee on AML/CFT on the proper roles and responsibilities of the FIU, Office of Public Prosecutor (OPP) and other entities in the national AML/CFT regime. The seminar was facilitated by U.S. Department of Treasury Resident Enforcement Advisor-Amman Joe Parker and included instructors from Treasury, Justice, and the Financial Intelligence Center (FinCEN).

**¶13. (SBU)** Topics included best practices in FIU organizational development, organizational structures, staffing plans, budgetary considerations, technology requirements, information sources, report formats and interagency cooperation and referral mechanisms. The final day of the seminar included a group exercise, in which the participants were asked to assess problems with Kuwait's current FIU and suggest what measures should be taken in order to bring Kuwait's FIU up to international standards.

Positive impact on attendees, but decision-makers absent

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**¶14. (C)** While the USG organizers/instructors were disappointed that the seminar was attended by working-level staff rather than key decision-makers (despite a concerted effort on the part of emboffs and instructors to shape the list of invitees prior to the event, and despite some personal cajoling by the CBK governor at the request of the CDA), overall the seminar represented a step forward insofar as the broad array of mid-level officials in attendance agreed on Kuwait's need for a more robust and independent FIU. They also recognized the need for better cooperation among law enforcement and intelligence agencies, and all agreed (other than Central Bank representatives) that the FIU should be relocated outside of the Central Bank. Most importantly, all attendees agreed on the need for the passage of a more powerful AML/CFT law.

Next Steps

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**¶15. (SBU)** Following the three-day event, emboffs and instructors agreed on the following course of action:

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--Embassy Kuwait will meet with the Central Bank Governor Shaykh Salem Abdulaziz Al Sabah and other senior officials from Kuwait's National Committee on AML/CFT to provide a readout of the FIU Seminar, to stress the importance of more active involvement by senior officials including members of the National Committee, to urge GOK political endorsement for a strengthened FIU and to urge passage of the draft law on AML/CFT.

--Dependent on the outcome of the meetings mentioned above, OTA will return to Kuwait at the request of post for follow-on meetings with key GOK officials on the next steps to create an independent, effective FIU that will meet international standards.

--Embassy Kuwait will work with OTA and U.S. Customs officials to consider other targeted training opportunities to help build on the momentum of the workshop and hold a regional Financial Investigative Techniques Course in Kuwait, as soon as is practical. The two-week course should include approximately 35 representatives from Kuwait, UAE and Jordan and will be facilitated by OTA and a team of 4-5 instructors from Treasury, OPDAT and U.S. Customs.

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Misenheimer